

Message Text

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ACTION EUR-12

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C O N F I D E N T I A L BRUSSELS 14168

USEEC

E.O.11652:GDS
TAGS: UNCTAD, ETRD, OECD, EEC
SUBJECT: EC EFFORTS TO ARRIVE AT A POSITION ON
COMMON FUND NEGOTIATIONS

REF: BRUSSELS 12708

1. ACCORDING TO COMMISSION AND PERMDEL SOURCES, THE
MEMBER STATES HAVE MADE LITTLE PROGRESS IN REACHING A
COMMON EC POSITION ON SOME OF THE MORE CONTROVERSIAL
ASPECTS OF THE ESTABLISHMENT AND OPERATION OF A COMMON
FUND FOR COMMODITIES. A SPECIAL WORKING GROUP MEETING
WILL BE HELD IN BRUSSELS ON OCTOBER 17 IN AN EFFORT TO
ARRIVE AT A DECISION WHICH COULD BE APPROVED BY THE EC
COUNCIL OF FOREIGN MINISTERS AT THEIR SESSION ON
OCTOBER 18.

2. BELGIUM AS THE PRESIDENCY COUNTRY PREPARED A SUMMARY
POSITION PAPER DRAWING ON THE EC COMMUNICATION REFERRED
TO IN REFTEL AND POUCHED TO THE DEPARTMENT. THIS PAPER
WAS SUBJECT TO A WORKING GROUP MEETING OF MEMBER STATE
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EXPERTS ON OCTOBER 7. WHILE THE MEETING SERVED TO PIN
DOWN THE MEMBER STATES ON POINTS ON WHICH THEY AGREED,
THERE WAS REPORTEDLY NO MOVEMENT TOWARD COMPROMISE IN
AREAS OF DISAGREEMENT. IN FACT, ONE COMMISSION SOURCE
SAID THAT THERE WAS SOME MOVEMENT AWAY FROM POSITIONS
WHICH HAD PREVIOUSLY APPEARED TO HAVE BEEN ACCEPTED IN
THE OECD GROUP B AD HOC GROUP ON THE COMMON FUND IN

PARIS. AS AN EXAMPLE, HE CITED AN ITALIAN SUGGESTION (WHICH WAS DROPPED) THAT PARTICIPATION IN A COMMON FUND BY INTERNATIONAL COMMODITY ORGANIZATIONS (ICO) SHOULD BE COMPULSORY RATHER THAN VOLUNTARY.

3. THIS HEAVILY-BRACKETED PAPER REFLECTING PRIMARILY DANISH AND DUTCH RESERVATIONS ON MANY ISSUES WAS CONSIDERED BY COREPER ON OCT. 13 WHERE ONCE AGAIN VIRTUALLY NO PROGRESS WAS MADE IN HARMONIZING MEMBER STATE POSITIONS. THE MOST SIGNIFICANT DIFFERENCES CENTER ON INSISTENCE BY SOME STATES (NOTABLY THE FRG AND THE UK) THAT THE COMMON FUND SHOULD BE ONLY A POOLING ARRANGEMENT WITH ADDITIONAL RESOURCES MADE AVAILABLE THROUGH ICO'S, WHILE OTHERS (PARTICULARLY THE NETHERLANDS AND DENMARK) SUPPORT THE CONCEPT OF POOLING PLUS SELF-FINANCING BY THE COMMON FUND WITH SOME FORM OF DIRECT FINANCING OR GUARANTEES FROM GOVERNMENTS. DIFFERENCES ALSO REMAIN ON "OTHER MEASURES" TO HELP LDC'S THROUGH THE COMMON FUND.

4. COMMISSION AND MEMBER STATE OFFICIALS ARE CERTAIN THAT THESE DIFFERENCES WILL NOT REPEAT NOT BE RESOLVED IN TIME TO PERMIT THE OCT. 18 EC COUNCIL TO ADOPT A DETAILED COMMON POSITION. AS ONE EC COUNCIL SECRETARIAT OFFICIAL PUT IT: QUOTE: THE ISSUES ARE TOO COMPLEX; THERE ARE TOO MANY OTHER IMPORTANT ITEMS ON CONFIDENTIAL

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THE AGENDA FOR THE COUNCIL SESSION, AND THERE IS LITTLE SENSE OF URGENCY SINCE THE COMMON FUND NEGOTIATIONS ARE CLEARLY EXPECTED TO TAKE TIME. UNQUOTE.

5. THESE OBSERVERS BELIEVE THAT THE BEST THE COUNCIL COULD PROBABLY ACHIEVE IS TO APPROVE AN EC NEGOTIATING MANDATE FOR THE NOVEMBER 7 GENEVA NEGOTIATIONS IDENTIFYING THE ISSUES WHERE MEMBER STATE VIEWS CONVERGE AND PROVIDING A BROAD RANGE OF OPTIONS ON ISSUES WHERE THEY DIFFER IN THE EXPECTATION THAT SUCH DIFFERENCES COULD BE RESOLVED IN EC COORDINATION SESSIONS IN THE COURSE OF NEGOTIATIONS.

6. ACCORDING TO A BRITISH PERMDEL OFFICIAL, THE FRENCH REPRESENTATIVE AT YESTERDAY'S COREPER MEETING COMMENTED THAT THE EC COUNCIL MAY HAVE TO RECOGNIZE AT ITS OCT. 18 SESSION THAT THE EC WILL BEGIN THE NOVEMBER 7 NEGOTIATIONS WITHOUT A COMMON EC POSITION AND WILL, THEREFORE, GIVE MEMBER STATES AND THE COMMISSION LATITUDE TO INTERVENE IN THE INITIAL STAGES OF THE NEGOTIATIONS. HE FEELS THIS MAY WELL BE THE OUTCOME OF THE OCT. 18 SESSION UNLESS UNEXPECTED PROGRESS IS MADE

AT THE OCTOBER 17 WORKING GROUP MEETING. IN SUCH A CASE, AGREEMENT ON A COMMON EC POSITION COULD STILL BE REACHED IN THE COURSE OF THE NOV. 7 - DEC. 2 NEGOTIATIONS OR BY THE NEXT UNCTAD COMMON FUND NEGOTIATING SESSION IN 1978.

7. ALL OBSERVERS RECOGNIZE THAT THE DIFFERENCES WITHIN THE EC ARE ESSENTIALLY THE SAME AS THOSE WITHIN THE OECD GROUP B AND THAT PROGRESS MADE IN PARIS TO RESOLVE THESE DIFFERENCES WILL ALSO ASSIST THE EC IN HARMONIZING THE POSITIONS OF ITS MEMBER STATES. HINTON

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